

## Message Text

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72-60

ORIGIN AF-08

INFO OCT-01 ISO-00 EB-07 AID-05 CIAE-00 COME-00 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 /051 R

DRAFTED BY AF/E:PGSMITH/EXIM:RASWART:JJ

APPROVED BY AF/DBoLEN

EB/IFD:ODF:FHThOMAS

AF/E:RICHARD STF POST(DRAFT)

----- 092497

R 020146Z DEC 76

FM SECSTATE WASHDC

TO AMEMBASSY LUSAKA

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E.O.11652: N/A

TAGS: EFIN

SUBJECT: REPORT OF EXIM ATTITUDE TOWARD ZAMBIA

REF: LUSAKA 2963

1. TURNPAN REPORT PRESUMABLY IS RELATED TO EXIM TURNDOWN IN AUGUST OF EXPORT CREDIT CORPORATION (ECC) APPLICATION FOR INSURANCE TO COVER DOL 5.5 MILLION SALES OF MINING EQUIPMENT TO LONRHO ZAMBIA LTD. ECC PROTESTED DECISION VIGOROUSLY AND MR WENDELL JONES, ECC MANAGER OF FINANCIAL RESOURCES, VISITED EXIM ON OCTOBER 21 TO INQUIRE FURTHER CONCERNING REASON FOR THE TURNDOWN.

2. MR JONES WAS TOLD THAT EXIM CONTINUES TO PROCESS A STEADY VOLUME OF REPEAT BUSINESS FOR ESTABLISHED ZAMBIAN IMPORTERS AND REMAINS WILLING TO CONSIDER NEW ZAMBIAN TRANSACTIONS ON A CASE-BY-CASE BASIS. EXIMBANK EXPOSURE  
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IN ZAMBIA HAS GROWN VERY RAPIDLY, HOWEVER (DOLLARS 109.8

MILLION AS OF 10/31/76), AND ZAMBIA'S BALANCE OF PAYMENTS

SITUATION IS A SOURCE OF CONSIDERABLE CONCERN. THESE CIRCUMSTANCES, COUPLED WITH THE SUBSTANTIAL AMOUNT REMAINING TO BE DISBURSED ON CREDITS ALREADY AUTHORIZED, HAVE INFLUENCED EXIM TO TAKE A VERY CAUTIOUS ATTITUDE ON SIGNIFICANT NEW EXPOSURE IN ZAMBIA AT THIS TIME.

3. EXIM PROGRAMS WORLDWIDE HAVE BEEN EVOLVING IN THE DIRECTION OF ENCOURAGING PARTICIPATION OF PRIVATE COMMERCIAL BANKS IN EXPORT FINANCING, WITH EXIM SUPPLEMENTING PRIVATE LENDERS WHERE NECESSARY RATHER THAN BEING LENDER OF FIRST RESORT. THIS EVOLUTION HAS BEEN MANIFESTED IN HIGHER INTEREST RATES AND SHORTENED MATURITIES ON MANY EXIM-SUPPORTED EXPORT CREDITS.

4. RE COMMENT OF GRZ OFFICIAL QUOTED IN PARA 3 REFTEL, PAYMENT DELAYS WHICH EXIM EXPERIENCED EARLIER THIS YEAR (ZAMBIA IS NOW UP TO DATE ON EXIM BOOKS), TOGETHER WITH REFUSAL TO ACCEPT SUCH NORMAL BORROWING REQUIREMENTS AS WAIVER OF SOVEREIGN IMMUNITY, HAVE NOT BEEN POSITIVE INFLUENCE. BUT EVOLUTION OF OVERALL EXIM POLICY AND ECONOMIC FACTORS CITED ABOVE ARE THE MAIN REASONS FOR EXIM'S CURRENT CAUTION VIS-A-VIS SIGNIFICANT NEW COMMITMENTS IN ZAMBIA. ROBINSON

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## Message Attributes

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**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** CREDIT, POLICIES  
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**Copy:** SINGLE  
**Draft Date:** 02 DEC 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** GolinoFR  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Executive Order:** N/A  
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**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Page Count:** 2  
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**Reference:** 76 LUSAKA 2963  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** GolinoFR  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 07 JUL 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <07 JUL 2004 by MartinML>; APPROVED <08 JUL 2004 by GolinoFR>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** REPORT OF EXIM ATTITUDE TOWARD ZAMBIA  
**TAGS:** EFIN, XMB  
**To:** LUSAKA  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006